GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

STARRED QUESTION NO:160
ANSWERED ON:26.07.2017
Financial Stress in Telecom Industry/ Companies
Jayadevan Shri C. N.

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the telecom industry/ companies including the State-run telecom PSUs are reportedly facing financial stress, if so, the details thereof and the reasons therefor;

(b) the likely impact of the said stress on the Government revenues during the current financial year; and

(c) the remedial measures taken/ proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 160 FOR 26TH JULY, 2017 REGARDING "FINANCIAL STRESS IN TELECOM INDUSTRY/COMPANIES ".

(a) Telecom Industry including state-owned telecom PSUs and major banks have apprised the Government about the financial stress in the Telecom industry. The Telecom sector witnessed a sharp decline in revenues in second half of financial year 2016-17. The revenue decline in the second half of financial year 2016-17 was mainly concentrated in the last quarter of the year. The declining tariff in the sector led to an adverse impact on revenue. The License Fee has declined in Q.3 and Q.4 of financial year 2016-17 as shown in following table:-

TABLE 1 − QUARTERLY License Fee collections for 2016-17
Rs. In Crore
<pre>
Quarter Financial Year 2016-17
Q1 Q2 Q3 Q4
License Fee 3975.66 3584.04 3452.13 2663.29
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(b) If this trend continues, the License Fee and the Spectrum Usage Charges are likely to be impacted adversely during the current financial year.

(c) An Inter-Ministerial Group (IMG) has been set up by the Government with representatives from Department of Telecommunications, Department of Financial Services, Department of Economic Affairs and Department of Revenue with the following terms of reference:-
(i) To examine systemic issues affecting viability & repayment capacity
in telecom sector & furnish recommendations for resolution of
Stressed assets.
(ii) Policy reforms and strategic interventions for telecom sector.